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Selected Speeches and News Releases

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Remarks

U.S. Department of Agriculture • Office of Public Affairs

Prepared for delivery to the Associated Milk Producers Meeting, by Secretary of Agriculture Clayton Yeutter at Minneapolis, Minnesota, March 29.

Thank you for inviting me to the Associated Milk Producers (AMPI) annual meeting. It's my understanding that AMPI now has almost 21,000 members who market nearly 18 billion pounds of milk every year. That's about 12 percent of the nation's total milk supply and an impressive accomplishment in anybody's book.

No administrative actions taken by the federal government affect your members more directly than decisions made under the federal milk marketing orders. I'm here to announce today that USDA will be holding a national hearing on milk marketing orders. I will review this with you, then comment on USDA's dairy price support program recommendations and finally touch on the international scene and other factors I see affecting the dairy industry.

The national milk market order hearing will be carried out over a period of time in several key locations around the United States. While the decision to hold it in no way implies pre-judgement of any of the issues involved, it does mean that we believe it is time to nail down the facts about competing claims on some contentious issues.

For some time now, USDA has been hearing from dairy farmers, dairy processors, farm state legislators and consumers from all over the country who have some concerns about how well the federal milk marketing order system is working. Additionally, the U.S. General Accounting Office published a Report to Congress, Milk Marketing Orders, Options for Change, in 1988, and USDA's own Economic Research Service has published an Analysis of Alternative Policies on Federal Milk Marketing Orders. Both publications are helpful for anybody wanting to learn more about the overall system, how it works and how it doesn't work. They also outline problem areas in milk marketing orders and what would be involved in attempting to make improvements.

The national hearing process begins today with the USDA announcement to be published in the Federal Register asking for public

proposals and comment on the federal milk marketing orders. I encourage you to participate. It's absolutely vital that all of us work together to make the hearing yield positive results. The federal milk marketing orders are some of the most complicated programs existing in U.S. agriculture today and it is absolutely essential that government, industry and consumers carefully examine the details of the system before suggesting change. Going through a national hearing process will require substantial expenditures in time, money and effort; so we want to make sure to do it right. This will happen only if all interested parties participate.

The task before us is to determine whether reasons exist to change current federal milk marketing orders. If there are weaknesses in the current system, then we need to work judiciously to correct them. A national hearing will help provide the evidence needed to determine whether the federal milk marketing order system can be modified to become more competitive and economically efficient, while also maintaining sufficient and stable milk supplies for consumers—and satisfactory economic stability for producers.

When I administered the dairy programs back in the early '70's as an assistant secretary at USDA, a recurring challenge I received was, "Why do we even need federal milk marketing orders?" In today's increasingly technológical world, that challenge is being issued again. Both dairy farmers and consumers want to know how milk marketing orders serve them, as well as how they serve the dairy processing industry. The national hearing will help provide those answers—by making certain that the federal milk marketing order system is solidly grounded in economic reality.

Milk marketing orders can be traced back to the 1930's and the very beginnings of federal dairy programs. While the programs have changed over the years, so have dairy farming, milk transportation, storage, processing and marketing technologies. It's time to review the total federal order system to make certain it is in step with the world as it now exists.

Although dairy products are now produced and processed in every state, over half our total milk supply comes from just five states: Wisconsin, California, New York, Minnesota and Pennsylvania. Ten states account for over two-thirds of the U.S. milk supply. While Wisconsin remains the number one milk-producing state, a regional shift to the South and Southwest has been going on for over 20 years. This has occurred partially in response to demand as the U.S. population has

shifted to the same areas but it has also been stimulated by a set of very real economic incentives in some areas, including lower production costs per cow, or financial incentives for increased milk production provided by attractive market order prices in some areas.

While market price is—and must always be—the fundamental coordinator of dairy production, processing, distribution and retail sales, a role for the federal government in overseeing dairy product marketing has long been deemed necessary to maintain a stable milk supply. Government has used two basic sets of dairy policy tools, federal milk marketing orders and dairy price-support programs. The two are inextricably woven together. A program change on one side of the equation brings a shift in results on the other side—and sometimes those results are difficult to predict. The 1985 Farm Bill, for instancmde changes to the Class I pricing differential for the first time in 20 years and the exact ramifications are still unclear—and being debated—five years later. The national hearing on federal milk marketing orders should help clarify the effects of those legislated changes.

As we currently view it, the main issues in the hearing will be:

1) Class I pricing differentials,
2) Multiple base points for pricing,
3) Pricing of reconstituted milk, and
4) Pricing of Class II milk.

Let's briefly look at these one at a time.

CLASS I PRICING DIFFERENTIALS

Class I price differentials were originally intended to reflect the additional expense of producing and marketing milk for fluid use. Some of the considerations were

1.) perishability of fluid milk required strict sanitary conditions at all handling points,

2.) fluid milk was bulky and more costly to transport than manufactured dairy products and

3.) seasonal swings in milk production required sufficient production to guarantee a stable supply of fluid milk during non-peak production periods.

Class I prices originally reflected local conditions when dairying was still centered heavily in the Upper Midwest. Then, as transportation improved and milk began to move longer distances, inter-market price

coordination was deemed to be necessary and Class I differentials were set up to reflect hauling costs from Wisconsin.

Over the years, the cost of producing fluid milk in various regions changed and the cost of obtaining supplies from alternative sources changed.

In 1985 Congress tried to improve the situation by mandating changes in Class I differentials. What should have been a carefully planned administrative action within the federal milk marketing order system became, in the eyes of many, a political football.

My impression is that today, legislators, dairy industry leaders and USDA all agree that decisions on Class I pricing should be moved back into the administrative realm of the federal milk marketing order system. The national hearing on milk marketing orders will be the first step in accomplishing this.

MULTIPLE BASE POINTS FOR PRICING

If Class I pricing differentials are explored in a national hearing, then base points upon which those differentials are formulated should also be explored. Were we to establish multiple base points for pricing Class I milk, this would be an acknowledgement that there are surplus production areas for milk outside the upper Midwest that should be recognized and dealt with.

PRICING OF RECONSTITUTED MILK

Processors are currently required to pay at least as much for reconstituted milk as for regulated raw milk but technological advances are creating pressure to change the market order provisions affecting reconstituted milk.

The most important are advances in reconstitution that allow water to be removed from milk before shipping or storing, then restored after delivery—without affecting the taste of the reconstituted product. This significantly reduces transportation costs and it could improve the consumer appeal of dairy products made from such milk.

We must decide whether the federal order system should reflect the realities of such technological and marketing advances.

PRICING OF CLASS II MILK

Most orders have a middle use class, or Class II, which includes so-called "soft" products such as cottage cheese and ice cream. The Class II price in most cases is 10 cents over the lowest manufacturing price. We have received a number of industry proposals to increase this price to reflect the higher value that such milk seems to have in most markets.

This would seem to be an issue that should be addressed at a hearing since the Class II price level hasn't been reviewed in a long time.

MARKET ORDER MERGERS

Another issue that will probably get at least some discussion during the hearing comment period is the question of establishing a single, national milk marketing order rather than relying on the current system of multiple milk marketing orders.

In 1989, the National Commission on Dairy Policy recommended that milk marketing orders should be merged as needed, rather than establishing one national milk marketing order. Other farmers feel that there should be one national milk marketing order.

Historically, order mergers have been going on since market orders were first established. In 1962 there were 83 such orders in effect across the country. Today there are 41 federal milk marketing orders regulating about 80 percent of the Grade A milk and 70 percent of all milk.

Some areas still have state milk orders, with California being the major one, having about 13 percent of the national milk production total. The traditional USDA position is one of receptivity to industry merger proposals.

DAIRY PRICE SUPPORT PROGRAMS

The chief dairy policy problem of the 1980's has been to bring surplus production under control. With the 1981 Farm Bill, we saw the first real departure from previous dairy price support programs that had existed since the 1930's. The price support level for milk was cut loose from the concept of parity, freezing the support price of milk as long as Commodity Credit Corporation (CCC) purchases of surplus dairy products remained at high levels.

But despite attempts between 1981 and 1985 to bring surplus dairy production under control, CCC purchases continued to mount. In calendar year 1985, CCC net dairy removals were still in excess of 13 billion pounds.

At the time of the 1985 Farm Bill, milk production was increasing, following the conclusion of a dairy diversion program and favorable milk-feed ratios. Price support outlays totalled $2.3 billion annually.

The 1985 Farm Bill initiated the Dairy Termination Program, or "whole herd buyout," as it was popularly called. The 1985 Act also gave the secretary of agriculture limited authority to base the milk support price on projected CCC purchases in the 1988-90 calendar year period.

Currently that support price stands at $9.88 per hundredweight of milk testing 3.5 percent butterfat, significantly below the current Minnesota-Wisconsin price of nearly $12.22 per hundredweight.

USDA's recommended dairy provisions for the 1990 Farm Bill suggest that we stick with the basic provisions of the 1985 Farm Bill, with minor modifications in how the price support formula would be established. The current price support formula allows the secretary no discretion in setting support prices based on anticipated market conditions.

For example, it mandates a set 50 cent per hundredweight reduction in the support price whenever government removals exceed 5.0 billion pounds—regardless of any other factors. The USDA proposal would allow the secretary more flexibility to reflect market conditions when setting dairy support prices.

The intent of the modifications USDA proposes is to provide a greater range of price support adjustments and trigger levels to reflect market conditions. In the event of large increases in milk production, USDA's proposal would allow larger reductions in the support price than currently allowed. But it would also allow smaller reductions, when projected CCC surplus purchases are less than 7.5 billion pounds.

We feel this would work in the overall interest of the dairy industry, consumers and taxpayers.

ALTERNATIVE DAIRY PROGRAM PROPOSALS

Some in the dairy industry have suggested two-price or quota plans. Under such plans, producers would receive the blend price on a portion of their production. On the remaining production, producers would be assessed when government purchases or milk production exceed a designated level.

What this all boils down to are milk quotas and milk taxes—and let me make it perfectly clear that I am adamantly opposed to both.

In essence, these plans would give us a European Community-style dairy system in the United States, complete with quotas and co-responsibility levys. I just don't think America's dairy farmers should embrace such a scheme.

The two-price plans of other nations have cost American farmers billions of dollars of exports through the years. That being the cast we should challenge those plans in the Uruguay Round and seek to reform them, not emulate them here in the U.S.

Finally, on the subject of domestic dairy price support policies, let me note that some in the dairy industry are again calling for a dairy termination program or "whole herd buy-out" in the 1990 Farm Bill—although some give such programs different names, such as diversion or management programs. No matter what the name, what is being proposed is a program to slaughter cows and I don't have to remind the dairy industry how popular the last dairy termination program was with beef producers. There ought to be a better way to manage dairy policy in this country.

INTERNATIONAL

The international market for dairy products is generally restricted to manufactured products, since shipping fresh fluid milk long distances makes little economic sense.

It is my belief that given equal market access, United States dairy farmers will be very competitive in overseas markets. New [ealand and Australia, with their pasture systems of production, might hold limited advantages in some areas but beyond those there is a big market out there.

International dairy markets are dominated by the internal policies actions of the European Community and the United States. In recent years implementation of dairy production quotas in the EC, along with more marketoriented dairy price support policies and voluntary supply management programs in the U.S., have reduced stocks in both regions.

The "mountains of butter" and "mountains of non-fat dry milk" have disappeared. In 1988-89, for the first time, international stockpiles decreased and world prices strengthened to the extent that the U.S. was able to export nonfat dry milk on a commercial basis, with no government subsidy.

1990 is the final year for the Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT)

and while I don't have time to go into it in detail here today, let me just say that the Bush administration is fighting hard to gain better market access in the world for all U.S. farmers, including dairy farmers.

We want to open up some export opportunities for you. I'd like to give U.S. dairy farmers a reason to think more about demand expansion and less about supply management.

TECHNOLOGY AND CHANGE

If there is any word that would describe the United States dairy industry in the past three decades it would have to be "change." Change will continue and in all likelihood it will accelerate. On this note, I would be remiss if I did not mention one more topic, a technological change that is stirring up a good deal of controversy in some quarters: Bovine Somatotropin (BST).

BST is a naturally occurring protein; it's in all the milk we drink; we've been consuming it all our lives. It appears to offer measurable economic advantages when introduced into a well managed dairy herd, a 10 to 15 percent increase in milk production per cow and a 5 to 10 percent increase in feed efficiency—at virtually no increase in capital expenditures or facilities.

BST levels in milk produced by treated cows are in the same range as BST levels in milk produced by untreated cows.

The question is, "Should the government allow the introduction of BST for use as a production tool in commercial dairy herds?'.

My answer has to be, there is only one justification for the government to withhold BST from the marketplace—and that is health. If the Food and Drug Administration determines that the product is safe to humans, safe to dairy animals and safe to the environment, then in a free and open society, there is no reason to preclude its use. That would be contrary to everything we've stood for in this country over the past 200 years.

We do not yet know if BST will be approved by FDA, when it will be approved, its level of acceptance by producers and consumers or the actual production impact it will have.

Nor do we know what will happen to the demand for dairy products during this scenario. Ultimately, if approved for commercial use, BST will succeed or fail in the marketplace. That is the American system and it's a good one.

Government ought not make policy for this or any other industry on the basis of hypothetical concerns that may never occur in the real world. If we turn off the spigot of technological advances in agriculture, U.S. farmers—including dairy farmers—will be in big trouble.

CONCLUSION

American dairying will succeed in the future by using the same approach it always has—a strong commitment to research, innovative production technology, aggressive product research and diversified product marketing. If any sector of American agriculture is up to the challenges that lie ahead, it is the dairy industry. I have confidence in you, I hope you'll have the self-confidence to take on the world.

Thank you.

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Prepared for delivery to the Business and Industry Week by Secretary of Agriculture Clayton Yeutter, Temple, Texas, April 3.

I was reading some material on the way down here today and your local Business and Industry Week theme, "Moving Up, Branching Out, Diversifying In The Nineties," caught my attention. You are certainly right on target with what it will take for your city—and for all of America—to succeed in the 1990's. Change, around the globe, is accelerating and with it comes increased economic opportunity but also increased economic competition.

Too often, when we think about change, we fixate on the perceived threat of additional competition—while ignoring the prospect of new opportunities. A good example is the attitude of some Americans toward Japan. It's popular in some quarters today to bash Japan believing that, somehow, Japanese success must necessarily correlate to lost business for American firms.

The truth is that Japan's economic boom of the last 40 years has been of immense benefit to Americans as well as Japanese—in excellent, high quality Japanese-made consumer products and equally important, in the increased business openings it has brought American companies and communities willing to reach out and develop them. In 1988, the U.S. sold more products to Japan ($37.7 billion) than to West Germany, France and Italy combined. At the same time, more than 300,000

Americans earned their livelihoods working for Japanese firms in the U.S.—and 100,000 Japanese earned their wages working for American ventures in Japan. We have all gained. Economic success is to be applauded, not feared.

The point so often lost is that in an expanding global economy, one country's economic growth does not mean another country's loss; this is seldom the case. Global economic development is not a zero-sum game in which a pie of finite size is split into ever smaller portions by a growing number of nations. It is a dynamic situation in which almost all parties win.

Global development does mean, though, that every nation, every city and every individual who wants to share in the growing wealth must be willing to compete. To do that, we must all take advantage of the best we have to offer. In the U.S.—whether we live in rural areas, small towns, midsized cities such as Temple, or in major metro centers—this means investing in local people through education and vocational training, preparing them to work in continually evolving industries that turn out high-value products and services.

As futurists John Naisbitt and Patricia Aburdene point out in their popular book, MEGATRENDS 2000, "It is now clear that the 1980's was the decade when economies became more important than ideologies. . . The world is undergoing a profound shift from economies run by governments to economies run by markets . . . and in the new economic order the countries that invest most in education will be the most competitive."

I wholeheartedly concur.

Increasing world trade and economic freedom around the globe demand that American business be competitive; while there will be new markets for our goods in the future, there will also be new workers willing and able to compete with us in productive efficiency.

Look at Eastern Europe; development of market-based economies there carries the potential to unleash a vigorous new economic force that will profoundly affect all American businesses, wherever they are located.

Add to that the energetic economic competition coming from the newly emerging economies of the Pacific Rim and you have a whole new ballgame. Throw in the expanding industrial and agricultural productivity of countries as diverse as Brazil and Thailand and you begin to realize the scope of change and opportunity now before us. The new competition for business owners and employees in Temple, Texas, isn't just in Dallas

and Houston; it is also in Sao Paulo, Taipei and East Berlin. Today's business is global in scope, with a growing list of players.

U.S.-Soviet relations illustrate the point. Less than three decades ago, Nikita Khrushchev stood up and boldly proclaimed he would bury us. Today, Soviet citizens stand in line to eat McDonald hamburgers and to be served by friendly employees in a clean, efficient fast food establishment based on American management principles. At the same time, the Soviets are also inviting Asian companies to help develop the resource-rich lands of previously undeveloped Siberia—for a piece of the action. Other American and European companies are being courted in joint ventures as well.

Change of this magnitude affects us all, wherever we live and whatever we now do. This is as true for rural Americans as for city dwellers.

In the past, rural America meant agriculture. That is also changing. While a vigorous farm economy will continue to be a strong component of business success in rural communities, those communities must now offer a growing diversity of employment reaching beyond agriculture—if they are to attract and hold an increasingly well educated population.

One of the things the 1980's taught us was that a healthy farm economy is no longer enough to stimulate rural America into full economic vigor. Only about nine percent of all rural people now work on farms or ranches. Fewer than 19 percent of rural Americans currently derive their livelihoods from activities associated with agriculture. Only 500 of America's 2400 rural counties are now considered to be "agriculture dependent".

Does this mean that rural communities wishing to promote economic development should overlook agriculture?

NO! Quite to the contrary, a growing agricultural industry still offers the most potential for increased employment in many rural communities. But those new jobs will come only if we apply new thinking. Agriculture must become less "production driven" and more "market driven." We need to put new emphasis on value-added products, particularly for growing consumer markets in the newly industrialized countries.

In 1988, the U.S. exported $7.6 billion of consumer-oriented agricultural products, including processed fruits and vegetables, nursery products, cut flowers, processed meats, bakery products and prepared oilseed products. The rest of the world exported $133.7 billion.

We could also do a better job exporting intermediate agricultural products. In 1988, we exported $9.4 billion of such products, including

semiprocessed goods such as flours, prepared feeds, oilmeals, vegetable and animal fats and live animals. But other countries shipped $43.5 billion.

To put the challenge another way, in 1988 the U.S. held 35.3 percent of the value of world trade in bulk agricultural commodities but only 17.8 percent of the value in intermediate agricultural products and less than 6 percent of the world's trade in consumer-oriented agricultural products. Surely this is one area in which we can improve our performance, and in the process offer more employment opportunities in rural America.

We also need to do a better job of bridging the gap between the research workbench and the product market-shelf. This is a difficult task that takes major commitments of time and long-term funding—which must come from industry, government or a combination thereof.

In product development, we must always remember that the technically feasible is dictated by the financially possible.

A Japanese businessman recently summed this up quite well. He said, "Even if you have a creative genius working for you, unless you can produce the product of his creativity in a factory for sale to people who will buy it at a profitable price, it will all come to nothing."

This is good advice for Americans as well.

Without question, the strength of Japanese industry has been in finding ways to turn basic technology into useful consumer products. The Japanese have an impressive history of taking a broader, longer range view of product development than we do. America's Bell Labs invented the transistor in the 1950's and thought it good for hearing aids—a limited market. Sony engineers and marketers studied the technology and creatively explored the consumer possibilities. They brought us the personal radio and, later, personal cassette players—based on printed circuitboards of transistors. Their marketing creativity changed forever the way the world keeps up with events and listens to music—and also produced substantial profits for their company and their country. Anyone who wishes to stimulate new economic activity in a local community faces a similar set of tasks—and opportunities. Creating new businesses means putting together ideas, processes, and materials in unexpected ways to provide new products, just as the Japanese did with transistor technology.

At USDA, we are attempting to do this through a department-wide Working Group on the Commercialization of Industrial Agricultural Products. The idea is to cut across USDA agency lines to better coordinate efforts to expand use of farm products. The working group is currently cataloging and reviewing relevant programs and projects and has also reviewed pending and proposed legislation on the commercialization of industrial uses of agricultural materials. From that review, we have drafted our own legislative recommendations and will be working closely with Congress on this as the 1990 Farm Bill progresses.

We have also increased research funding to expand uses of agricultural products. While the scientists of USDA's Agricultural Research Service (ARS) have done an excellent product development job in the past, we want to help them do even better in the future. Fiscal Year 1990 funding for ARS "commodity conversion and delivery" will be about $110 million; for FY 1991 it will be $122 million. This includes research on development of new food and industrial uses for agricultural commodities, elimination of technical barriers that might impede commodity export sales, and food safety and quality concerns.

There are broader forces of technological change sweeping through the world that are tilting in favor of agriculture becoming an increasingly significant provider of raw materials to industry. Throughout history, there have been three great technological revolutions: the agricultural revolution, the industrial revolution and the information revolution.

We stand at the nexus of these three forceful streams of change—about to be joined by a fourth, the biotechnology revolution.

Biotechnology will bring quantum change to every nation in varying degrees—through enhanced agricultural productivity, through improved health (for plants and animals as well as humans), through enhancing our quality of life and through improved efficiency in the industrial processes used to convert raw materials into finished products. Breakthroughs in biotechnology could radically change the economics of industrial processes in ways we can not yet even envision—just as the person who invented the concept of velcro fasteners by studying the seeds of the cocklebur didn't foresee their utility in space flight. Many of the products and product uses from biotechnology have not even been thought of today. They will affect the foods we eat, the medicines we take, and the industrial materials we use. They will affect our educational requirements, our patent laws and our rules of commerce.

Any nation that holds back in developing and using the tools of

biotechnology—or any other new science—will quickly lose economic competitiveness in tomorrow's world. Good universities are found in almost every nation today and knowledge quickly flows to those with the willingness to acquire it and put it to use. Instantaneous global communication rapidly disseminates academic information, research findings, and information intensive technology around the globe. Improved literacy rates, readily available textbooks, personal tape recorders, Xerox machines, and desktop publishing make information increasingly available to citizens in all nations.

This radically changes the way we do business in the world and perhaps even the way we govern ourselves. The Iron Curtain was at least partially knocked from its platform by Western radio and television broadcasts, advertising and consumer goods and inexpensive international air fares. The Bamboo Curtain has also been shaken by student-exchange programs, long distance phone calls, fax machines, affordable radios and readily available video cam-corders.

Another aspect of the information revolution that carries profound effects is the growth of international banking and the ability to instantaneously transfer funds around the world. Jobs ultimately follow money—and money flows to where opportunity is the greatest.

As transportation, banking and communications technologies largely suspend the business disadvantages of international distances, new business and industrial alliances will proliferate. A quick glimpse at the auto industry demonstrates the point.

Ford Motor Company owns 25 percent of Mazda, which manufactures cars for Ford in the U.S. Ford and Mazda also own part of a Korean company which builds cars for export to the United States to be sold as Fords. In Latin America, Volkswagen and Ford have merged into a single company—which exports trucks into the U.S.

General Motors holds a 41.6 percent stake in Isuzu—which is starting a joining U.S. venture with Subaru—which is partly owned by Nissan. GM also owns half of Daewoo Motors, a Korean company that makes Nissan cars for Japan, and Pontiacs for America.

Chrysler owns 24 percent of Mitsubishi Motors and, through Mitsubishi, a share of Hyundai, the Korean car manufacturer. Mitsubishi has long made cars under Chrysler's label and a joint-venture Chrysler-Mitsubishi plant in Normal, Illinois, turns out cars under the Mitsubishi nameplate.

What does all this mean to Temple, Texas?

It means you must look beyond our own U.S. boundaries if you wish to be an integral part of the worldwide economic growth pattern that is now emerging. The sweeping globalization of business ownership, technical expertise and joint-venturing reaches far beyond any such restructuring ever before possible. It links us all together as citizens of the world in new and positive ways. But again, it requires changes in the way we think and approach potential business opportunities. Governments, as well as business organizations and individuals, need to broaden their "scope of the possible" and their definition of "national interest."

For example, think about how we collect and interpret business statistics such as the balance of trade. Should the economic score-keepers chalk up a gain or a loss when that Mitsubishi worker in Japan can afford to eat Colorado steak or vacation for two weeks with his family in California—while the Kansas farmer drives an Isuzu pickup truck that returns a bottom-line profit while employing a GM assembly line worker in Detroit?

Increased international trade and commerce is a win-win situation—brought about by the information revolution, the speed with which we can now transfer knowledge, education and expertise around the globe. Everybody benefits from healthy, sustained economic growth—but, having said this, we also must recognize the challenges.

These are exciting times. A new world of global business opportunity awaits those who dare to reach for it—U.S. agriculture, rural America and smaller cities such as Temple must become a part of it. In the twenty-first century, the United States will maintain its economic strength only in proportion to its continuing investment in broad-based education, research and knowledge, which in turn will raise the productivity of millions of Americans. "Moving up, Branching Out, Diversifying In The Nineties" is not just a slogan; it is an imperative.

Thank you very much.

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News Releases

U.S. Department of Agriculture • Office of Public Affairs

ALGERIA ELIGIBLE FOR MORE SUNFLOWERSEED OIL UNDER ASSISTANCE PROGRAM

WASHINGTON, March 29—Under Secretary of Agriculture Richard T. Crowder today announced an opportunity for sales of an additional 20,000 metric tons of U.S. sunflowerseed oil to Algeria under the U.S. Department of Agriculture's Sunflowerseed Oil Assistance Program.

Sales of sunflowerseed oil will be made to buyers in Algeria at competitive world prices. The export sales will be subsidized with sunflowerseed oil purchased by USDA. The subsidy will enable U.S. exporters to compete at commercial prices in the Algerian market.

Today's allocation, added to the 5,000 metric tons remaining under a previous allocation, brings the amount of sunflowerseed oil available to Algeria under SOAP to 25,000 metric tons.

For more information call Alex Bruks, (202) 382-9240, or Larry McElvain, (202) 447-3224. For a tape-recorded message announcing the issuance of invitations under SOAP, call the Commodity Credit Corporation's Operations Hotline at (202) 447-2042.

Sally Klusaritz (202) 447-3448

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YEUTTER ANNOUNCES NATIONAL HEARINGS ON DAIRY

MINNEAPOLIS, March 29—Secretary of Agriculture Clayton Yeutter today announced that the U.S. Department of Agriculture will hold national hearings on possible changes in the pricing provisions of federal milk marketing orders.

"In recent years, the milk order program has come under increasing criticism. Many believe that the program's pricing arrangements do not treat dairy farmers in all areas of the country fairly," Yeutter said.

The federal orders set minimum prices that milk processors must pay for Grade A milk received from dairy farmers, based on the way the milk is used. The highest price is paid for milk used for drinking (Class

I). Milk in "soft" products such as cottage cheese, yogurt and ice cream (Class II) is priced lower. A still lower price applies to milk used in "hard" products such as butter, hard cheeses, and nonfat dry milk (Class III). A few orders price both soft and hard manufactured products at the same level.

"Some of the criticism arises because important elements of the orders have not been reviewed at a public hearing for many years, and changed marketing conditions may warrant updating them," Yeutter said.

Recent studies by the General Accounting Office and USDA's Economic Research Service recommend a comprehensive review of the pricing provisions through a national hearing process.

"It is desirable that pricing and other issues be reviewed in light of current marketing conditions so that the order program will continue to serve the best interests of dairy farmers and the general public," Yeutter said.

The public hearing will cover milk order issues that are national in scope. These include, but will not necessarily be limited to, the following: Class I price differentials, the possible use of multiple base points for setting Class I differentials, Class II price differentials, and the pricing of reconstituted milk.

The hearing will provide all interested parties—including dairy farmers, their cooperatives, milk processors and consumers—the opportunity to present information on the proposals under consideration.

Interested parties must submit proposals to be considered for inclusion in a notice of hearing no later than May 31 to: Administrator, Agricultural Marketing Service, P. O. Box 96456, Washington, D.C. 20090-6456.

Following those submissions, USDA will issue a hearing notice announcing the time and place of the hearings and the proposals that will be considered. It is anticipated that the hearings will be held in several regions throughout the country, including the central United States, the Upper Midwest, the Northeast, the Southeast, the Southwest, and the West. The first session could begin in early September.

Kelly Shipp (202) 447-4623
George Clarke (202) 447-8998

#

USDA ANNOUNCES PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON

WASHINGTON, March 29—Under Secretary of Agriculture Richard T. Crowder today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price), for Strict Low Middling (SLM) 1-1/16 inch (micronaire 3.5-4.9) upland cotton (base quality) and the coarse count adjustment in effect from 12:01 a.m. Friday, March 30, through midnight Thursday, April 5.

Since the adjusted world price (AWP) is above the 1988 and 1989 crop base quality loan rates of 51.80 and 50.00 cents per pound, respectively, the loan repayment rates for the 1988 and 1989 crops of upland cotton during this period are equal to the respective loan rates for the specific quality and location.

The AWP will continue to be used to determine the value of upland cotton that is obtained in exchange for commodity certificates. Because the AWP in effect is above the established loan rate, loan deficiency payments are not available for 1989-crop upland cotton sold during this period.

Based on data for the week ending March 29, the AWP for upland cotton and the coarse count adjustment are determined as follows:

Adjusted World Price		
Northern Europe Price		79.53
Adjustments:		
Average U.S. spot market location	13.03	
SLM 1-1/16 inch cotton	2.20	
Average U.S. location	0.39	
Sum of Adjustments		-15.62
ADJUSTED WORLD PRICE		63.90 cents/lb.
Coarse Count Adjustment		
Northern Europe Price		79.52
Northern Europe Coarse Count Price		-74.47
		4.31
Adjustment to SLM 1-inch cotton		-5.05
		-4.75
COARSE COUNT ADJUSTMENT		0.30 cents/lb.

The next AWP and coarse count adjustment announcement will be made on Thursday, April 5.

Charles Cunningham (202) 447-7954

#

ALFRED E. HARPER TO PRESENT ATWATER LECTURE

WASHINGTON, March 30—Nutrition scientist Alfred E. Harper, a longtime advocate of science-based public nutrition and health policies, will deliver the U.S. Department of Agriculture's 22nd annual W.O. Atwater Memorial Lecture April 3 in Washington, D.C.

Harper's topic is "Nutrition: The Science and the Practice—Reflections and Directions," said R. Dean Plowman, administrator of USDA's Agricultural Research Service, sponsor of the lecture.

Harper, who will speak at the annual meeting of the American Institute of Nutrition, is professor of nutrition and biochemistry at the University of Wisconsin-Madison. He is an internationally recognized expert on the metabolism of amino acids and has testified several times before Congressional committees on nutrition and health policy.

Harper has served on advisory committees of USDA, the National Institutes of Health, the National Research Council, the Food and Agriculture Organization of the United Nations and the Nutrition Foundation. As chairman of the National Research Council's Food and Nutrition Board, he oversaw the formulation of the 1974 U.S. Recommended Dietary Allowances.

He is a member of professional organizations in nutrition, biochemistry and physiology in the United States, Canada and the United Kingdom and has served on the editorial boards of several journals. He was 1970-71 president of the American Institute of Nutrition and 1985-86 president of the Federation of American Societies for Experimental Biology.

His honors include the Borden Award (1965) and the C.A. Elvehjem Award (1987) of the American Institute of Nutrition, and the Distinguished Service Award of the American Institute of Biological Sciences (1989).

Born in Canada, Harper received his B.S. and M.S. degrees in plant science from the University of Alberta and his Ph.D. degree in biochemistry at the University of Wisconsin. Following postdoctoral work at the University of Cambridge, England, he became assistant professor

and then associate professor at the University of Wisconsin, where he initiated a research program on amino acid nutrition and metabolism.

From 1961 until 1965, he was professor of nutrition at the Massachusetts Institute of Technology. In 1965, he returned to the University of Wisconsin as professor of biochemistry. From 1968-82, he was chairman of the university's new Department of Nutritional Sciences. In 1986, he was Heath Clark Lecturer at the University of London's School of Hygiene and Tropical Medicine.

The lecture series is named for Wilbur Olin Atwater (1844-1907), USDA's first chief of nutrition investigations. The foremost American nutritionist of his time, Atwater is considered the father of human nutrition in the United States. The lecture series recognizes scientists who have made unique contributions to nutrition and food science.

Jim Benson (301) 344-4504

#

COPPER DEFICIENCY MAY PLAY ROLE IN ALCOHOLIC SYNDROME

WASHINGTON—Damaged heart muscle and other internal ravages of alcoholism may result from too little copper in the diet in combination with too much alcohol, according to U.S. Department of Agriculture studies.

Biochemist Meira Fields said the results of rat studies indicate that it takes both of these dietary factors to produce damaged heart muscle, anemia, fatty liver and elevated levels of several toxic metabolites—all classic effects of alcoholism.

The animals that got adequate copper in their feed didn't suffer these consequences after drinking 20 percent alcohol in lieu of water, she said. And they survived long past the copper-deficient animals.

''They were protected,'' said Fields, a Georgetown University Hospital research associate working with USDA's Agricultural Research Service at Beltsville, Md.

She said the findings, while preliminary, have implications for people who like to imbibe ''because rats metabolize food and drink similarly to humans.''

Most Americans consume less than the minimum suggested intake of

copper of 1.5 milligrams a day, she said. About one-third of U.S. diets provide only 1 mg or less.

"Heavy drinkers would be wisest to reduce their alcohol consumption to the National Research Council's suggested limit of one ounce per day," said Fields. "While adequate copper protected rats against the effects of excessive alcohol, heavy drinkers should not rush out to buy copper supplements to protect them from all harmful effects of alcohol.

The richest sources of copper are oysters, liver, cocoa, blackstrap molasses and black pepper. Lobster, nuts and seeds and whole wheat are also good sources.

Fields said these studies grew logically out of earlier findings that copper-deficient animals suffered an alcoholic-like syndrome and died when fed fructose sugar but not when fed starch, which is entirely composed of glucose sugar.

Both rats and people process fructose and alcohol using a similar metabolic pathway, she explained, but use a different metabolic pathway to process the glucose from starch.

"If our hypothesis is correct, and a certain metabolic pathway interacts with copper deficiency, then any nutrient that mimics fructose metabolism should produce the same damage," she said.

But feeding alcohol together with fructose didn't cause more damage in copper-deficient animals than feeding either one alone, she said. "Apparently, each one is capable of causing the maximum damage."

Unlike human alcoholics, the test rats did not live long enough to develop liver cirrhosis, Fields said,

She suspects that the damage may be due to a toxic buildup of freeradicals, which wreak havoc in body cells by oxidizing critical molecules. But she doesn't yet know why certain carbohydrates, such as fructose or alcohol, work together with copper deficiency to produce this buildup.

Judy McBride (301) 344-4095
Issued: March 30, 1990

#

COLORADO FIRM'S EMPLOYEE FINED FOR MEAT VIOLATIONS

WASHINGTON, March 30—Alan S. Agnew, former meat buyer for Nash Finch Company, Denver, Colo., has been fined $500 and placed on three years probation for violating federal meat inspection laws, according to Dr. Lester M. Crawford, administrator of the U.S. Department of Agriculture's Food Safety and Inspection Service.

On March 12, Agnew was sentenced on one felony count of selling and offering for transportation putrid and decomposed ground beef that was unfit for human consumption.

Charges were brought against Agnew after an FSIS compliance officer discovered the adulterated product in a facility that did business with Nash Finch.

FSIS is responsible for the federal inspection of meat and poultry products and ensures that these products are safe, wholesome and accurately labeled.

Jim Greene (202) 382-0314

#

USDA ANNOUNCES INTENT TO REPROPOSE PARTS OF ANIMAL WELFARE REGULATIONS

WASHINGTON, March 30—The U.S. Department of Agriculture today announced it will repropose amendments to the Animal Welfare Act (AWA) standards for the humane handling, care, treatment and transportation of dogs, cats and non-human primates.

"Our intent is to ensure the humane treatment of those animals covered under the Animal Welfare Act," said James W. Glosser, administrator of USDA's Animal and Plant Health Inspection Service. "We originally proposed these standards in March 1989, along with similar standards for guinea pigs, hamsters and rabbits. However, because of the large number of comments, and the issues they raised, we decided to repropose those standards that involve dogs, cats and nonhuman primates."

APHIS received more than 10,000 comments on the proposed amendments to the standards; most of these comments focused on dogs, cats and nonhuman primates.

Federal animal welfare legislation was first passed in 1966 which covered animal dealers who raised dogs and cats for research, and laboratories conducting research on those mammals. In 1970, coverage was broadened to include most other warmblooded animals used in research, exhibited or sold in the wholesale pet trade. A 1976 amendment extended coverage to include the transportation of live animals.

The 1985 amendments set improved standards for laboratory animals. In October 1989, APHIS amended parts 1 and 2 of the AWA regulations. Part 1 provides definitions of the terms used in parts 2 and 3. Part 2 delineates the administrative and institutional responsibilities of persons regulated under the act.

Part 3 of the proposed AWA regulations provides specifications for the humane handling, care, treatment and transportation, by regulated parties, of animals covered by the act. Subparts A and D, covering dogs, cats and nonhuman primates, are now being reproposed.

APHIS will publish the final rules for part 3, subparts B and C, which cover guinea pigs, hamsters and rabbits separately from the reproposal of subparts A and D.

This intent to repropose is being published in the April 2 Federal Register.

Pat El-Hinnawy (301) 436-7253

#

USDA INCREASES RETAIL SALES EXEMPTION FOR MEAT AND POULTRY

WASHINGTON, March 30—The U.S. Department of Agriculture is increasing the limit on the dollar value of meat and poultry that retailers annually can sell without federal inspection to hotels, restaurants and similar institutions.

The ceiling for annual institutional sales was raised from \$32,400 to \$33,700 for meat products and from \$30,100 to \$33,100 for poultry products by USDA's Food Safety and Inspection Service. Retail meat and poultry sellers are exempt from federal inspection only if total institutional sales for the calendar year do not exceed the specified dollar limit and do not exceed 25 percent of that company's total sales.

The dollar limit on annual institutional sales by retailers is automatically adjusted the first quarter of each year if the Consumer Price Index for meat and poultry for the preceeding year increased or decreased by a percentage that would result in a change of more than $500 in the current dollar limit. Figures for 1989 show a price increase of 4.0 percent for meat products and 9.9 percent for poultry products.

Notice of the changes for calendar year 1990 are published in today's Federal Register.

Jim Greene (202) 382-0314

#

USDA AND UNIV. OF CALIF. PLAN TO IMPROVE AGRICULTURAL LIBRARY SERVICES

WASHINGTON, March 30—The U.S. Department of Agriculture and the General Library, University of California, Davis, have agreed to cooperate in investigating ways to improve information services for USDA's Agricultural Research Service personnel stationed in locations without convenient access to library services.

"We expect this agreement will lead to improved library services for ARS laboratories," said Joseph H. Howard, director of USDA's National Agriculture Library. "Improving these services will enable ARS to continue, and enhance, the high quality of its agricultural research and development efforts."

The agreement is an outgrowth of a joint NAL/ARS review of ARS field libraries at the ARS regional research centers conducted in 1988. "Our goal is to provide state-of-the-art library services to support research at locations agency-wide," said R. Dean Plowman, ARS administrator.

Currently, ARS maintains 10 field libraries. Five of these are maintained at ARS Regional Research Centers located in Albany, Calif.; Athens, Ga.; Peoria, Ill.; New Orleans and Philadelphia.

Under the cooperative agreement, UC Davis librarians, in conjunction with NAL, will assess the current information needs of ARS researchers in locations with limited library services.

NAL and UC Davis personnel expect the assessment will determine the minimum levels of information services needed at these ARS laboratories and provide strategies for improving information services at these sites.

These strategies will include: developing training models for bibliographic instruction, file management, electronic bulletin boards and other information systems; providing manuals on ARS library procedures and services; and recommending computer hardware and software for accessing NAL's automated files and services.

For additional information, contact Peggy Beavers, NAL/ARS Coordinator, Public Services Division, Room 100, 10301 Baltimore Boulevard, Beltsville, Md. 20705; telephone (301) 344-3834. In California, contact Ted Sibia, Head, Bio/Ag Department, Shields Library, University of California, Davis, Calif. 95616: telephone (916) 752-6166.

Brian Norris (301) 344-3778

#

TWO STORE OWNERS SENTENCED TO PRISON IN FOOD STAMP FRAUD

WASHINGTON, March 30—The U.S. Department of Agriculture's Deputy Inspector General Leon Snead and Food and Nutrition Service Administrator Betty Jo Nelsen announced that two Columbus, Ohio, retail store owners received prison sentences today from the U.S. District Court in Columbus, after pleading guilty to food stamp fraud and other charges.

According to Snead, Gentry V. Shannon, 72, was sentenced to a total of four years in prison. James E. O'Cain, 64, was sentenced to a total of eight years in prison and ordered to pay $2,178,527 in restitution.

Shannon's sentence was the result of his having pled guilty to unlawful redemption of food stamps, money laundering, conspiracy and filing a false income tax return. O'Cain pled guilty to unlawful possession of food stamps, money laundering, conspiracy and theft of government property.

Snead said the convictions resulted from a joint investigation conducted by his office in cooperation with the Internal Revenue Service. Snead said that the investigation was triggered by information received from officials of the Food and Nutrition Service, the agency which administers the Food Stamp Program.

"FNS field staff had informed OIG that Shannon's store might be involved in fraudulent food stamp activity because more food stamp coupons were being redeemed through the store than the store's total sales would appear to warrant," Nelsen said. "FNS staff monitor redemption patterns at food stores in an effort to identify those businesses that may be trafficking in food stamps and should be targeted for investigation."

The OIG investigation disclosed that O'Cain, a retail store owner who had previously been disqualified by FNS from participating in the Food Stamp Program, provided large sums of food stamps to Shannon, a retail store owner authorized by FNS to accept and redeem food stamps. After depositing the food stamps and cashing a check on his firm's account for a similar sum in cash, Shannon gave a portion of the cash to O'Cain.

Snead said that "since the FNS authorized retailer is the key to eventual redemption of illegally obtained food stamps this office continues to give priority to the investigation of such retailers."

David Dickson (202) 447-6701
Dick Thaxton (703) 756-3039

#

CCC INTEREST RATE FOR APRIL 8-1/4 PERCENT

WASHINGTON, April 2—Commodity loans disbursed in April by the U.S. Department of Agriculture's Commodity Credit Corporation will carry an 8-1/4 percent interest rate, according to Keith Bjerke, executive vice president of the CCC.

The 8-1/4 percent rate is up from March's 8-1/8 percent and reflects the interest rate charged CCC by the U.S. Treasury in April.

Robert Feist (202) 447-6789

#

SECOND QUARTERLY MEAT IMPORT ESTIMATE BELOW 1990 TRIGGER LEVEL

WASHINGTON, April 3—Under Secretary of Agriculture Richard T. Crowder today announced that the second-quarter estimate of U.S. meat imports for calendar year 1990 is below the level that would require

quotas or restraints on imports under the Meat Import Act of 1979.

Crowder said that based on U.S. Department of Agriculture estimates of available supplies and marketing plans by major meat exporters, imports of beef and other meats subject to the act during 1990 should total 1,150 million pounds—about 216 million pounds below the 1990 trigger level of 1,366.2 million pounds. As a result, at this time import restrictions are not required for 1990.

The Meat Import Act of 1979 requires the president to consider restrictions on imports of certain meat items—primarily beef and veal—if a USDA quarterly estimate of meat imports equals or exceeds the trigger level determined by formula in the act. The table below summarizes monthly imports of meat subject to the act from January 1987 through February 1990.

Imports of Meat Subject to the Meat Import Act

	1987	1988	1989[1]	1990[1]
	- - - - - - - millions of pounds - - - - - - -			
January	44.4	135.6	74.5	90.7
February	138.2	112.3	80.3	121.3
March	84.9	144.8	88.5	
April	146.0	146.6	97.1	
May	103.4	134.7	104.0	
June	135.4	142.7	103.4	
July	181.5	124.4	114.6	
August	137.4	123.0	111.0	
September	158.0	140.4	90.2	
October	153.8	118.7	83.6	
November	86.6	114.2	83.1	
December	90.1	83.9	110.9	
Total[2]	1,459.7	1,521.3	1,141.2	

[1]Imports from Canada are excluded as a result of the signing of the U.S.-Canada Free Trade Implementation Act of 1988.
[2]Totals may not add due to rounding.

Sally Klusaritz (202) 447-3448

#

FGIS TO UPDATE NIR CALIBRATION FOR SOFT WHITE

WHEAT

WASHINGTON, April 3—Beginning today, the U.S. Department of Agriculture's Federal Grain Inspection Service is installing an updated calibration in near infrared reflectance instruments (NIRs) used to officially determine protein content of Soft White wheat.

The calibration is programmed into an NIR's electronic memory to enable the instrument to determine protein levels in Soft White wheat on a the basis of a 12-percent-moisture content.

FGIS also today issued new NIR values for the entire set of five National Standard Reference Samples, which are used as a standard of reference to detect instrument drift and thereby keep the NIRs aligned with laboratory determinations of wheat protein content at the FGIS Kieldahl protein laboratory in Kansas City, Mo.

The new calibration was developed with assistance from the Commodities Scientific Support Division, Statistics Branch, of USDA's Agricultural Marketing Service.

The calibration is being implemented starting today in FGIS field offices and official agencies in their circuits in the following sequence: Wichita, Kan., and Moscow, Idaho; Duluth, Minn., and Portland, Ore.; Olympia, Wash.; and Sacramento, Calif.

For more information, contact Paul D. Marsden, USDA, FGIS, Resources Management Division, Room 0628-S, P.O. Box 96454, Washington, D.C. 20090-6454; telephone (202) 475-3428. Media representatives may contact Allen Atwood, FGIS Resources Management Division, (202) 475-3367.

#

USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES

WASHINGTON, April 3—Under Secretary of Agriculture Richard T. Crowder today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

—long grain whole kernels, 9.31 cents per pound;

—medium grain whole kernels, 8.25 cents per pound;

—short grain whole kernels, 8.14 cents per pound;

—broken kernels, 4.66 cents per pound.

Based upon these prevailing world market prices for milled rice, rough

rice world prices are estimated to be:

—long grain, $5.75 per hundredweight;

—medium grain, $5.17 per hundredweight;

—short grain, $4.98 per hundredweight.

The prices announced are effective today at 3 p.m. EDT. The next scheduled price announcement will be made April 10 at 3 p.m. EDT, although prices may be announced sooner if warranted.

Gene Rosera (202) 447-7923

#

USDA ALLOWS TEMPORARY IMPORTS OF DROUGHT-STRICKEN MEXICAN CATTLE

WASHINGTON, April 4—The U.S. Department of Agriculture today announced it has waived some import restrictions in order to expedite the temporary importation to the United States of cattle from sections of Mexico where severe drought has shriveled pastureland and threatens the animals with starvation. This interim rule does not waive applicable state regulations.

The usual import regulations require the imported animals, as well as the animals in the herd-of-origin in Mexico, to test free of cattle brucellosis and tuberculosis. With the waiver of the testing requirement for animals in the herd-of-origin, the Mexican cattle will be able to enter the United States approximately three months sooner. Usual requirements state that imported animals must come from a herd of animals that has been tested for these diseases no less than three months before the date of entry.

"The drought-stricken pasturelands in parts of Mexico cannot support the cattle. By bringing the animals temporarily to U.S. quarantined feedlots under strict movement restrictions, we can avert starvation of the animals and still protect the health of U.S. livestock," said James W. Glosser, administrator of USDA's Animal and Plant Health Inspection Service.

According to Glosser, the animals will be taken directly to approved quarantined feedlots in the United States. They will travel in USDA-sealed trucks or rail cars, will not be sold to any U.S. buyer and will

return directly to Mexico from their U.S. feeding sites. They will be segregated from U.S. cattle while in the quarantined feedlots.

All animals imported into the country will still need to test free of tuberculosis, and all except vaccinated cattle under 24 months of age will need to test negative for brucellosis, Glosser said.

In addition to waiving the herd-of-origin testing requirements APHIS also is dispensing with the usual requirement of branding the incoming steers with an 'M'. This practice, meant to alert U.S. buyers to the animals' origin, will be unnecessary since the cattle will all be returned to Mexico for slaughter.

This rule was effective March 30, and will be published in the Federal Register on April 5. Comments will be accepted if they are received on or before June 4. An original and three copies of written comments referring to docket number 90-035 should be sent to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, Room 866, Federal Building, 6505 Belcrest Road, Hyattsville, Md., 20782.

Comments may be inspected at USDA, Rm. 1141-S, 14th Street and Independence Avenue, S.W., Washington, D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.

Anita Brown (301) 436-5931

#

USDA PROPOSES TO CLARIFY HORSE PROTECTION INSPECTION GUIDELINES

WASHINGTON, April 4—The U.S. Department of Agriculture is proposing to clarify procedures to be followed when inspections of horses are carried out in accordance with the Horse Protection Act.

''We propose to expand and clarify procedures for preshow inspections so that the designated qualified persons (DQP's) who conduct these inspections can more effectively detect any soring,'' said James W. Glosser, administrator of USDA's Animal and Plant Health Inspection Service. ''We want to be able to check the animal as thoroughly as possible for any signs of soreness, such as unusual posture, distressed expression or reluctance to move.''

In addition to proposing specified procedures for preshow inspections, USDA officials are asking the certified horse industry programs to submit proposed inspection procedures for DQP's to follow for examining horses

in the unloading and barn areas of show or sale grounds. If approved and accepted, these procedures would become part of obtaining and maintaining a USDA certified program for DQP's.

In 1970, Congress passed the Horse Protection Act which is aimed at eliminating the practice of "soring," and the use of cruel methods, devices or chemicals on a horse's legs or feet that cause pain when walking. Soring is done primarily to alter a horse's gait in the show ring.

This proposed rule was published in the March 28 Federal Register. Comments will be accepted if they are received on or before April 28. An original and three copies of written comments referring to docket no. 89-222 should be sent to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, Room 866, Federal Building, 6505 Belcrest Road, Hyattsville, Md., 20782. Comments may be inspected at USDA, Rm. 1141-S, 14th Street and Independence Avenue, S.W., Washington,D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.

Estela F. Bock (301) 436-5271

#

MIDWEST FIRST FOR USDA GROUNDWATER POLLUTION PROJECT

WASHINGTON, April 4—The Midwestern Corn Belt will be the first testing area for the U.S. Department of Agriculture's new program to protect groundwater from contamination by fertilizers and pesticides, Secretary of Agriculture Clayton Yeutter said today.

USDA's Agricultural Research Service and Cooperative State Research Service established a scientific panel that recommended funding five projects to include various combinations of climate, soils and aquifers, Yeutter said. Work will be undertaken on farm land overlying aquifers in nine states: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakata, Ohio and Wisconsin.

He said the research, scheduled to start this summer, is part of a coordinated, government-wide research and technical assistance water quality initiative in response to the president's 1990 budget request.

The USDA budget for all water quality activities this year is $158 million, compared to $112.6 million last year, Yeutter said. "A request for $207 million is in the administration's 1991 budget. About $3.7

million of this year's funds have been targeted for the five evaluation sites in the Midwest.''

''We chose the Midwest because it is extensively farmed in corn and soybeans and has used relatively large amounts of agricultural chemicals,'' said C. Richard Amerman, scientific planning advisor for ARS and executive secretary for USDA's working group on water quality.

''We will evaluate the environmental and economic impacts of various farming practices on water in the aquifers. We also will develop and implement new farming practices,'' he said. ''In each area, we'll seek advice from farm, community, agribusiness and environmental representatives.''

Amerman said, ''Information from this research should have broad national significance because it can be applied to other sections of the country.''

Charles M. Smith, water quality program manager for the CSRS, said the top priority for the Midwest and the overall new USDA water quality program is to ''develop farming practices that will reduce the loss of agricultural chemicals to groundwater. We'll be working closely with state and local agencies, the U.S. Geological Survey and the Environmental Protection Agency.''

ARS and CSRS, working with state agricultural experiment stations, will lead the research part of the water quality program for the Midwest and elsewhere, Amerman said.

Other parts of the USDA's national plan include data collection on farm use of chemicals, rural demonstrations of environmentally sound practices and financial assistance for water quality projects. These functions will be coordinated among six other USDA agencies: Soil Conservation Service, Agricultural Stabilization and Conservation Service, Extension Service, Economic Research Service, National Agricultural Statistics Service and National Agricultural Library.

Don Comis (301) 344-2773

#

THIRTEEN ARRESTED FOR FOOD STAMP TRAFFICKING IN TEXAS

WASHINGTON, April 4—Thirteen Houston area grocery store owners and employees were arrested Tuesday on food stamp trafficking charges, according to U.S. Department of Agriculture's Deputy Inspector General Leon Snead.

The arrests follow a nine-month joint investigation by special agents from the Office of Inspector General, the Houston Police Department and investigators from the Texas Department of Human Services. During the investigation, undercover agents exchanged about $8,000 in food stamps for more than $5,000 in cash.

In March, Assistant District Attorney Carl Hobbs presented the violations to the Harris County grand jury. Sealed indictments were returned charging twelve of those arrested with the unlawful redemption of food stamps. The maximum penalty on each charge is 2-10 years in prison and a fine not to exceed $5,000.

The store owners and an employee arrested are Hung Phong Ngo, 48, owner, Orem Food Market; Ty Chhuon, 46, owner, Hidey's Fish Market; Dao Huynh, 36, owner, King Food Market; Mau Thi Nguyen, 45, owner, Hey Brothers Food Market; Pan-Yaw Chen, 38, owner, Lee's Fish Market; Frank Le, 48, and Betty Le, 43, owners, Try Mart #1; Mohammad Ahmed Aissa, 35, owner, Save Time Food Store; An Trong Le, age unknown, owner, LA Food Store; Phoungmai Tran Bui, 29, employee, Bang's Food Boy; Tue Ngoc Hoang, 53, owner, ABC Grocery, all of Houston; and Fuad Jamil Baba, 42, and Fahmi Jamil Elbaba, 49, owners, Baba Boys Grocery #3; Humble, Texas.

OIG special agents are in the process of serving several additional warrants.

"We conduct food stamp fraud investigations jointly with other federal and local law enforcement authorities to combat criminal schemes used to abuse this beneficial program," said Snead.

David Dickson (202) 447-6701

#

NEW FmHA PROGRAM WILL OFFER LOAN GUARANTEES FOR COMMUNITY PROJECTS

WASHINGTON, April 4—The U.S. Department of Agriculture's Farmers Home Administration will offer guarantees of loans for community facilities, FmHA Administrator La Verne Ausman announced today.

Until now, all of FmHA's loans for water and sewer sytems, fire stations, health clinics and other community facilities have been direct loans from the agency to the borrower.

"With this new program, we can now assist communities that are able to qualify for commercial loans with the support of an FmHA guarantee," Ausman said.

Under the program, FmHA guarantees a loan made by a bank, savings and loan, insurance company, Federal Land Bank, National Bank for Cooperatives or other qualified lender against a certain percentage of loss. Since the mid-1980's, guarantees have become the major component of FmHA's farm loan program, accounting for more than 50 percent of all farm loans.

The 1990 fiscal year appropriations bill authorizes $74.5 million in guaranteed loans for water and waste disposal loans and $23.9 million for other community facilities on a national basis.

Joe O'Neill (202) 447-4323

#

USDA PROPOSES TO EASE CITRUS CANKER QUARANTINE IN FLORIDA

WASHINGTON, April 4—The U.S. Department of Agriculture's Animal and Plant Health Inspection Service is proposing to lift the citrus quarantine in Florida imposed because of the "Florida nursery strain" of canker—a type of bacterium which until recently was thought to cause citrus canker. Restrictions on areas known to be infected with the highly virulent Asiatic or A-strain of citrus canker will be maintained.

Recent scientific reports indicate that the Florida nursery strain is different from the Asiatic strain and causes a much less serious citrus leafspot disease. Therefore, the Florida nursery strain should not be considered a form of citrus canker.

All outbreaks of the Florida nursery strain appear to have originated in nurseries, never in groves or dooryard plantings. The strain appears to be controllable with copper sprays and other currently available management techniques.

Under current regulations, the entire state of Florida is quarantined because of citrus canker. The proposal would remove restrictions on the interstate movement of citrus and certain other plants, fruits and seeds from all of Florida except areas with known infestations of the Asiatic or A- strain of canker within the past two years. As a result, only a portion of Manatee county would remain under quarantine.

The proposal requires Florida to continue to conduct surveys to detect the A-strain, continue the eradication program within the quarantined area and enforce restrictions on the intrastate movement of regulated articles from the quarantined area.

The proposal was published in the March 27 Federal Register. A public hearing on the proposed rule is scheduled from 10 a.m. to 5 p.m. on April 25, at Kendrick Auditorium, Manatee County Agricultural Center, 1303 17th St. West, Palmetto, Fla.

Registration is between 9 and 10 a.m. for persons wishing to speak at the meeting. A speaker's time may be limited in accordance with the number of participants. Anyone reading a statement will be asked to submit two copies to the presiding APHIS official.

Comments also may be sent directly to APHIS until May 29. An original and three copies of written comments referring to docket 89-040 should be sent to Chief, Regulatory Analysis and Development, PPD, APHIS, USDA, Room 866, Federal Building, 6505 Belcrest Road, Hyattsville, Md. 20782. Comments may be inspected at USDA, Rm. 1141-S, 14th Street and Independence Avenue, S.W., Washington, D.C., between 8 a.m. and 4:30 p.m., Monday through Friday, except holidays.

Amichai Heppner (301) 436-5222

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PRIVATE EXPORTERS REPORT SALES ACTIVITY FOR UNKNOWN

WASHINGTON, Apr. 4—Private exporters today reported to the U.S. Department of Agriculture export sales of 121,000 metric tons of corn for delivery to unknown destinations during the 1989-90 marketing year.

The marketing year for corn began Sept. 1.

USDA issues both daily and weekly export sales reports to the public. Exporters are required to report to USDA export sales of 100,000 metric tons or more of one commodity, made in one day, to one destination by 3:00 PM, eastern time on the next business day following the sale. Export sales of less than these quantities must be reported to USDA on a weekly basis.

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TWO ARRESTED FOR SMUGGLING EXOTIC BIRDS

WASHINGTON, April 4—The U.S. Department of Agriculture's Deputy Inspector General Leon Snead today said that two men were indicted late yesterday by a federal grand jury in San Diego for conspiring to smuggle rare exotic birds into the United States from Latin America.

Snead said that Edward Kryuchkov, 44, Spring Valley, Calif., was arrested by Office of Inspector General Special Agents who also served and executed a search warrant at his residence. The search of Kryuchkov's residence yielded 23 exotic birds which were seized as evidence.

OIG agents also executed a search warrant and arrested Jack Mota, 64, Edison, N.J., at his residence shortly after he had received a shipment of birds from Kryuchkov. Approximately 150 birds were seized by the agents at Mota's residence.

Several of the birds are on the U.S. Fish and Wildlife Service list of endangered species and cannot be imported into the United States legally. All of the seized birds were placed under immediate USDA quarantine to prevent the spread of diseases harmful to commercial and domestic avian populations, Snead said.

Kryuchkov was charged with smuggling the illegal birds into the United States and for conspiring with Mota and others to sell the birds. If convicted, Kryuchkov and Mota each face a possible sentence of 40-years in prison and $2,000,000 in fines.

Officials of USDA's Animal and Plant Health Inspection Service, the agency which regulates the entry of exotic birds and other animals into the United States, said they believe that every year from January through

early spring, following the winter breeding season, hundreds of exotic birds are brought into the United States illegally. APHIS officials said that the muggled birds often carry exotic avian diseases, such as Newcastle's, a virus which is particularly deadly to domestic poultry. From 1971 to 1974 an epidemic of Newcastle's disease in the southern California domestic poultry population cost taxpayers $56 million to eradicate. An estimated 12 million birds, mostly laying hens, were lost as a result of the epidemic.

According to Snead, the investigation was a joint endeavor between his office and investigators from Regulatory Enforcement and Animal Care, APHIS; the Fish and Wildlife Service; and Customs Service.

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Backgrounder

U.S. Department of Agriculture • Office of Public Affairs

AFRICANIZED HONEYBEES

Honeybees in the United States

Honeybees are not native to the Americas. During the 1600's, European settlers coming to North America brought European honeybee colonies with them; hence the name European honeybees. Today honeybees are commonly seen visiting flowers to gather nectar to produce honey, the sweet food product associated with this insect.

In the process of visiting blossoms, honey bees pollinate cultivated crops that are valued at approximately $10 billion. Honeybees also play an important role in pollinating plants important to wildlife.

Bees have numerous enemies, including humans, competing for the honey, pollen, and beeswax the colony produces for its survival. Consequently, honeybees protect their nests by the only means they have—their stings. If unprovoked, honeybees rarely use their defensive sting; but they use it only once! Stinging hurts the victim, but kills the bee!

Africanized Honeybees

In 1956, researchers in Brazil attempted to develop a more productive honeybee than the European honeybee. Honeybee queens from Africa, whose offspring were presumably better suited for Brazilian conditions, were imported and established in test colonies in Sao Paulo, Brazil. African bee swarms escaped into the Brazilian countryside where their queens interbred with the more docile resident European honeybees.

The offspring of these ''mismatings'' defended their nests more vigorously than European bees and swarmed more often. Therefore, they were better suited for survival in the tropics. Researchers named them Africanized honeybees. However, as a result of widely publicized stinging incidents, the name ''Killer Bee'' was picked up by the movie industry and the media to describe the Africanized Honeybee.

Defensive Behavior of Africanized Bees

Unlike the docile European Honeybees common in the United States, the Africanized honeybee quickly defends its hive and will pursue intruders longer distances. The venom from one Africanized honeybee sting is no more potent than the venom of a single European honeybee sting. Most stinging incidences have involved animals, but on rare occasions humans have been attacked. Stinging attacks occur only when the Africanized honeybee nest or territory is threatened by an intruder.

In some cases, the noise or vibration of tractors or motorboats has provoked the bees to sting. However, chance encounters with individual Africanized honeybees on blossoms pose no greater threat than encounters with European honeybees. Even though mass stinging attacks are terrifying and could be life-threatening, they are not common. The best defense for avoiding stings from all stinging insects—not just honeybees—is common sense. If you find yourself near large numbers of honeybees, calmly and quickly move away from the area.

Other Africanized Honeybee Traits

In spite of its reputation, the Africanized honeybee is actually smaller than the European honeybee. For conclusive identification, specialized identification techniques must be used to distinguish the Africanized honeybee from the European Honeybee already in the United States.

Honeybees swarm when a queen bee and several thousand worker bees fly to a new nest site. Africanized honeybees produce swarms more often than European Honeybees. Because Africanized honeybees produce more swarms each year than European honeybees, and also grow from egg to adult quicker, Africanized honeybees can produce more adult bees faster than European honeybees. This characteristic results in Africanized honeybees gaining a population advantage over European honeybees, eventually decreasing the European honeybee population.

Occasional swarms onboard ships coming from South and Central America are a concern, but they are not major threats to the American public or to the U.S. beekeeping industry.

Since these bees are well suited for life in warm climates, there is reason to believe that the warmer states will have to contend with the establishment of Africanized honeybee colonies first. Africanized honeybees from Mexico are expected to arrive in Texas sometime during 1991-92 by natural spread, although some swarms may arrive sooner.

Africanized honeybees are not as selective as European honeybees when choosing a nest site. In fact, Africanized honeybees frequently construct nests in exposed areas that would rarely be selected by European bees. Consequently, states having regular cold months may not have to contend with Africanized honeybees initially; however, in the future even honeybees in northern states may show some of the Africanized honeybee traits.

Africanized honeybees require pollen collected from plants as a protein source just as European honeybees do. Even though the Africanized honeybee pollinates plants as well as the European honeybee, the Africanized honeybee's nature worries many U.S. beekeepers who move thousands of colonies each season for crop pollination and honey production.

Understanding Africanized Honeybees

Scientists have studied the Africanized honeybee in other countries for many years. Studies conducted in Argentina, Venezuela, French Guiana, Brazil, and other South and Central American countries during the past 15 years have yielded much information on the behavior and biology of the Africanized honeybee. Cooperative programs between the United States and Mexico have been very helpful in understanding the Africanized honeybee's swarming behavior and rate of spread and in slowing the bee's movement toward the United States. This delay will give researchers more time to learn how to manage the Africanized honeybee's defensive behavior.

Much has been learned about the Africanized honeybee, but more research is needed. Even though articles have been published about deaths associated with the Africanized honeybee, actual deaths have been few. Everyday risks such as auto accidents pose a much greater risk statistically.

The public should stay informed about issues concerning Africanized honeybees, but not be unduly alarmed. Any future Africanized honeybee problems are not without solutions.

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